

Allianz Global Corporate & Specialty

Chicago Office

BINDER

Date: June 26, 2009
To: Debbie Young
Phone No. 407-370-2320
Fax No: 407-370-3057
Email: Debbie_Young-FL@ajg.com
Name: Arthur J Gallagher & Co
Address: 7380 Sand Lake Rd #390
Orlando, FL 32819

From: Steven Wlodarski
Tel: (312) 224-3329
Email: swlodars@aig-allianz.com

Binder Number: 121683

Binder For: Montana Association of Counties (MACo)
Policy Period: July 01, 2009 to July 01, 2010
Assigned Policy Number: CLP 3010587
Type: Replaces Expiring Policy CLP 3007379

Dear Debbie,

We are pleased to confirm binding property coverage for the above-referenced client, effective July 01, 2009, in accordance with the undernoted terms, and in consideration of the payment of the premium as specified on the attached invoice. All coverage under this binder shall cease upon issuance of the policy by the Company, but in no event later than August 15, 2009.

Premium must be received by Allianz Global Risks US Insurance Company/Allianz Underwriters Insurance Company within 30 days of the Effective Date of this Policy.

Company: Allianz Global Risks US Insurance Company, licensed and admitted in all 50 states,
A.M. Best Rating "A+ XV", Standard & Poor's Rating "AA".

Perils: All risks of direct physical loss or damage to insured property, except as excluded, and as more fully described in the policy form and endorsements thereto
Includes Earth Movement and Volcanic Eruption
Includes Flood and Water Damage

Exclusions: Asbestos and Related Materials Exclusion
Boiler & Machinery

Chicago Office
225 W. Washington Street
Suite 2000
Chicago, Illinois 60606-3484

Phone (312) 224-3300
Fax (312) 641-3797

Page 1 of 6
2009 Renewal Binder

California Earth Movement & Volcanic Eruption

Electronic Data Limitation

Fungi Exclusion

Mortality and other exclusions per Notes section of the quote as it pertains to animals

Other exclusions as more fully detailed in the policy form.

Territory/Locations Covered:

The insurance provided by this "policy" applies to "scheduled locations" and to other "locations" as described under the various extensions, endorsements and Coverage Parts to this "policy", all within the fifty (50) states of the United States of America, the District of Columbia, the United States Virgin Islands and Puerto Rico.

Limits:

The policy limit(s) specified below apply on a per occurrence basis unless otherwise stated. If the Allianz Global Risks US participation is on an excess basis, the underlying limit(s) shown below are in addition to any underlying deductibles, unless otherwise stated.

The limit(s) below apply on a per occurrence basis over all locations included hereunder.

AIC/AUIC		Layer Limit	Underlying Limit
Layer	Share Amount		
1	\$100,000,000 (being 100.00%) Part of	\$100,000,000 Excess of	Deductibles

Coverages/Sublimits

The following Sublimits apply on a per occurrence basis, unless otherwise stated. Any Sublimit shown as an "annual aggregate" applies per occurrence and to all losses for that peril/coverage in the aggregate during the policy term.

All Sublimits listed below apply on a ground-up basis over all participating layers of insurance. Allianz Global Risks US Insurance Company's participation, if any, in such Sublimits shall be in proportion to Allianz Global Risks US's participation in the overall Limits for this account, as detailed in the Limits section above.

Real Property	Included
Personal Property	Included
Business Interruption - Gross Earnings	\$15,000,000
Extra Expense	\$5,000,000
Ordinary Payroll	Not Insured
Rental Insurance	\$10,000,000
Brands and Labels	Included
Demolition and Increased Cost of construction	\$20,000,000
Consequential Reduction in Value	Included
Control of Damaged Property	Included
Debris Removal the greater of 25% of the loss or	\$20,000,000
Decontamination Costs	(Annual Aggregate) \$500,000
Defense Costs	\$25,000
Errors and Omission	\$10,000,000
Exhibition, Exposition, Fair or Trade Show	\$100,000
Expediting Expenses	\$1,000,000
Fire Department Service Charges	\$100,000
Impounded Water 30 Consecutive Days	Included
Ingress/Egress 30 Consecutive Days, 1 statute mile radius	\$1,000,000
Interruption By Civil Authority 30 Consecutive Days, 1 statute mile radius	\$1,000,000
Leasehold Interest	Included

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Miscellaneous Unnamed Locations		\$2,500,000
Automatic Coverage (180 day reporting)		\$5,000,000
Pair, Set or Parts		Included
Land and Water Contaminants Cleanup, Removal and Disposal	(Annual Aggregate)	\$100,000
Course of Construction (180 day reporting)		\$5,000,000
Course of Construction of Richland County Law Enforcement Building at 300 12th Avenue NW, Sidney, MT		\$17,000,000
Course of Construction of Gallatin Cty. Detention Center at 605 S. 16th, Bozeman, MT		\$14,000,000
COC Testing (This sublimit is part of and not in addition to the sublimit for Course of Construction above.)		Not Insured
COC Time Element (This sublimit is part of and not in addition to the sublimit for Course of Construction above.)		Not Insured
Protection and Preservation of Property - Property Damage and Time Element (combined)		\$250,000
Radioactive Contamination		\$25,000
Commissions, Profits and Royalties		\$25,000
Earth Movement	(Annual Aggregate)	\$50,000,000
Earth Movement as respects Automatic Coverage	(Annual Aggregate)	\$1,000,000
Earth Movement as respects Miscellaneous Unnamed Locations	(Annual Aggregate)	\$1,000,000
Flood	(Annual Aggregate)	\$20,000,000
Flood as respects "Moderate Hazard Zones for Flood"	(Annual Aggregate)	\$10,000,000
Flood as respects "High Hazard Zones for Flood"	(Annual Aggregate)	\$1,000,000
Flood as respects Miscellaneous Unnamed Locations	(Annual Aggregate)	\$1,000,000
Flood as respects Automatic coverage	(Annual Aggregate)	\$1,000,000
Named Windstorm		Included
Accounts Receivable		\$1,000,000
Animals: \$1,000 maximum per animal, subject to a per occurrence limit of		\$25,000
Communications Equipment including radio towers and antennae		\$2,000,000
Fine Arts, Jewelry and Furs		\$1,000,000
Automobile Physical Damage while stationary and at or within 1000 feet of an insured location		\$15,000,000
Automobile Physical Damage "Over the Road"		\$500,000
Contractors Equipment		\$15,000,000
Joint Loss Agreement		Included
Related Reported Values		Included
Research & Development		\$25,000
Paved Surfaces		\$500,000
Personal Property Off Premises or beyond 1000 feet from an insured location		\$500,000
Service Interruption PD & TE (combined)		\$2,500,000
Personal Property of Volunteers \$25,000 maximum per volunteer subject to a per occurrence limit of		\$50,000
Time Element Interdependency		Included
Transportation		\$1,000,000

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Trees, shrubs and landscaping	\$500,000
Valuable Papers and Records	\$5,000,000
Watercraft	\$500,000
Certified Terrorism	\$100,000,000

Deductibles:

Unless otherwise stated, all deductibles apply on a per occurrence basis. If the Allianz Global Risks US participation is on an excess basis, the following are the underlying deductibles applicable to the primary layer of insurance.

All Perils, except as specified below	\$100,000 Per Occurrence
Each of the following Course of Construction	\$50,000 Per Occurrence
Locations: Richland County. Law Enforcement Building at 300 12th Avenue NW, Sidney, MT; Gallatin County Detention Center at 605 S. 16th, Bozeman, MT; Ravalli County Economic Development at 310 Old Corvallis Road, Hamilton, MT.	
High Hazard Flood Zones	\$500,000 Per Occurrence
Ingress/Egress	24 Hours waiting period
Interruption by Civil Authority	24 Hours waiting period
Service Interruption	24 Hours waiting period

Local Underlyers:

None

Policy Forms:

AGR-IL 8001 (07-05)	Policyholder Notice - All States
AGR-IL 8003 (01-05)	Policyholder Notice - OFAC
AZAPPD-CP 2000 (11-08)	AZAPP Domestic Form
AZAPP-CP 2011 (11-07)	Appendix - Critical US Named Windstorm Areas Definition
AZAPP-CP 2012 (11-07)	Appendix - New Madrid Seismic Zone Definition
AZAPP-CP 2013 (11-07)	Appendix - Pacific Northwest Seismic Zone Definition
AGR-CP MT01 (10-07)	Montana Changes - Cancellation and Nonrenewal Endorsement
AZAPP-CP 4000 (10-08)	Auto Physical Damage Coverage Endorsement
AZAPP-CP 5000 (03-08)	Joint Loss Agreement Endorsement
AZAPP-CP 5T11 (02-08)	Terrorism Endorsement: Certified Act Of Terrorism
AZAPP-CP 4006 (12-07)	Fine Arts, Jewelry and Furs Coverage Endorsement

Valuation:

Property Damage	Replacement Cost
Time Element	Actual Loss Sustained
Vehicles	Actual Cash Value
Contractor's Equipment	Actual Cash Value

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**Total Insurable
Values for Rating:** \$1,379,795,546

The TIV reflects the values reported for the renewal with the addition of the Gallatin Cty. 911 Center (\$7,044,000)

TIV does not reflect the following property in the course of construction locations. These will be added to the TIV, as the construction is completed.

Richland County. Law Enforcement at 300 12th Avenue, NW, Sidney, MT with TIV of \$17,000,000

Gallatin County Detention Center at 605 S. 16th, Bozeman, MT with TIV of \$14,000,000 as of First Quarter of this policy term.

Ravalli County Economic Development at 310 Old Corvallis Road, Hamilton, MT with TIV of \$2,000,000.

Cancellation: 90 days notice of cancellation, except 10 days for non-payment of premium, or as required by statute.

Engineering: Engineering Fee is in addition to the premium. No broker commission is paid on this fee.

\$5,000 Total Engineering Fee includes one inspection at each of the following locations...

Three locations to be determined by 8/1/09 via separate e-mail.

We will utilize the broker as our initial engineering contact.

Premium: \$1,132,793

Premium for Renewal values of \$1,379,795,546 (includes the Gallatin Cty. 911 Center with TIV of \$7,044,000)

All Risk: \$1,052,784

Certified Terrorism: \$63,471

Premium for Richland County Law Enforcement Building, including Certified Terrorism: \$12,495

Premium for Gallatin County Detention Center Building, including Certified Terrorism: \$2,573
(This location is invoiced on a quarterly basis)

Premium for Ravalli County Economic Development Building, including Certified Terrorism: \$1,470

Total Premium: \$1,132,793

\$ 1,068,399 All Risk

\$ 64,394 Certified Terrorism

Commission: 15.000%

Taxes/Fees: None

Notes:

Countersignatures, where required, will be processed by Allianz, however, any countersignature fees which are due from you will be invoiced accordingly for prompt payment.

No reporting of values for locations with a value less than \$2,500,000 will be required for either Property in the Course of Construction or Newly Acquired.

"Watercraft" shall mean any self-propelled or non-self-propelled vehicle or vessel designed for use on the surface of any body of water.

The policy covers physical loss or damage to animals subject to the following exclusions...

1. This additional Coverage does not insure against loss or damage resulting from

a) death, destruction or injury from natural causes, unknown causes, (from other research and development procedures) or medical procedures including surgery, inoculation, parturition or abortion.

b) Error or Omission in processing and/or failure on the part of the insured to have provided nourishment, medicine or sanitary conditions.

c) Contamination of animals, food or medicine.

d) The intentional slaughter of animals.

2. This additional coverage excludes the following unless directly resulting from other physical damage not excluded by this policy.

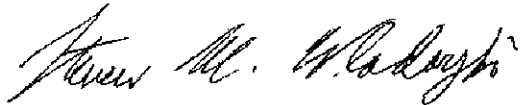
a) Escape

b) Sickness, disease, infection, infestation, illness.

c) Death, destruction or injury.

Thank you for the order to bind this account.

With best regards,



Steven Wlodarski
Executive Underwriter
Public Entity/Institutional

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Named Insured

Montana Association of Counties (MACo)
2715 Skyway Drive
Helena, MT 59602-1213

Producer

Arthur J Gallagher & Co
7380 Sand Lake Rd #390
Orlando, FL 32819

Policy Term: July 1, 2009 to July 1, 2010

Coverage
Sublimits of Liability

Certified Terrorism

\$100,000,000

The Sublimit(s) shown above reflect this company's share over all of its participation layers of insurance under this policy.

Date: 06/26/2009

OFFER OF COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

IF THERE IS ANY CONFLICT BETWEEN THIS NOTICE AND THE POLICY (INCLUDING ITS ENDORSEMENTS) THE PROVISIONS OF THE POLICY (INCLUDING ITS ENDORSEMENTS) APPLY.

Named Insured: Montana Association of Counties (MACo)

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

IF YOU ELECT TO PURCHASE COVERAGE FOR ACTS OF TERRORISM, AS DEFINED IN THE ACT, AND YOU FAIL TO PAY THE PREMIUM IN FULL STATED BELOW, YOUR POLICY WILL BE CANCELLED FOR NONPAYMENT OF PREMIUM IN ACCORDANCE WITH STATE LAW.

SUBJECT TO THE TERMS, CONDITIONS AND LIMITATIONS OF YOUR POLICY, ANY COVERAGE MANDATED BY APPLICABLE STANDARD FIRE POLICY LAWS OR WORKERS COMPENSATION LAWS IN YOUR STATE WILL NOT BE AFFECTED BY YOUR REJECTION BELOW OF COVERAGE FOR TERRORIST ACTS, AS DEFINED IN THE ACT.

<input type="checkbox"/>	I hereby elect to purchase full coverage for acts of terrorism, as defined in the Act, (Certified Terrorism) for a premium of <u>\$64,394.00</u> plus any applicable surcharges, taxes or fees.
<input type="checkbox"/>	I hereby reject the offer to purchase full coverage for acts of terrorism, as defined in the Act (Certified Terrorism), and I understand that a sublimit of <u>\$2,500,000 per occurrence/annual aggregate</u> for Certified Terrorism coverage will be automatically included in my policy at no additional charge. I further understand that if I reject the offer to purchase full coverage for Certified Terrorism at this time, I will have no coverage for losses arising from Certified Terrorism which exceed the sublimit in my policy nor will I have another opportunity during the term of the policy to purchase full coverage for Certified Terrorism.

<hr/> Policyholder/Applicant's Signature	<hr/> Allianz Global Risks US Insurance Company
<hr/> Print Name	
<hr/> Date	

PLEASE RETURN THIS SIGNED DISCLOSURE NOTICE TO YOUR BROKER OR AGENT

Nothing in this letter should be construed as legal advice to you. Consult your attorney and/or broker or agent to evaluate the terms of this offer.